

Service Date: May 30, 1985

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

IN THE MATTER Of The Application	)	
Of MONTANA-DAKOTA UTILITIES, INC.	)	UTILITY DIVISION
For Authority To Implement The	)	
Gas Cost Tracking Procedure To	)	DOCKET NO. 85.5.16
Establish Decreased Rates For Gas	)	
Service.	)	ORDER NO. 5141

\* \* \* \* \*

FINAL RATE ORDER

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FINDINGS OF FACT

1. On May 10, 1985, the Montana-Dakota Utilities Company (Company, Applicant, or MDU) filed with the Montana Public Service Commission (Commission) its biannual application to implement the Gas Cost Tracking Procedure as set forth in MDU tariff sheets 87 and 88.

2. The tracking procedure provides for adjusted rates on the basis of a Current Gas Cost Tracking Adjustment and an Un-reflected Gas cost Tracking Adjustment amortized over a projected six-month sales period. The current application contemplates two proposals by MDU to determine the amount of decreases. The first proposal is per Tariff Rate 88 and the resulting decreases are based on the following adjustments:

	Residential and <u>Commercial</u>	Industrial <u>Customers</u>
Current Gas Cost Adjustment	(83.5 cents)	(90.9 cents)
Un-reflected Gas Cost Adjustment	24.9 cents	27.1 cents
Less: Total Tracking Adjustment (Docket No. 84.8.44)	<u>24.4 cents</u>	<u>26.6 cents</u>
Net Decrease in Current Rates	(83.0 cents)	(90.4 cents)

3. Concerning the second (alternate) proposal, MDU commented, “In order to minimize rate changes for this and more particularly the subsequent winter tracking adjustment period, MDU herewith proposes an alternate, un-reflected gas cost adjustment which MDU respectfully requests this Commission to approve in lieu of the calculation pursuant to Rate 88” (MDU Letter of Application, p. 2) . The alternate proposal requests that the un-reflected portion of the adjustment be amortized over a 12 month period, rather than the six months as specified by Rate 88, The proposed decreases resulting from MDU’s alternate proposal are based on the following adjustments:

	Residential and <u>Commercial</u>	Industrial <u>Customers</u>
Current Gas Cost Adjustment	(83.5 cents)	(90.9 cents)
Un-reflected Gas Cost Adjustment	33.0 cents	35.9 cents
Less: Total Tracking Adjustment (Docket No. 84.8.44)	<u>24.4 cents</u>	<u>26.6 cents</u>
Net Decrease in Current Rates	(74.9 cents)	(84.6 cents)

4. MDU did not file for interim relief in this proceeding.

5. Included with the filing to decrease rates was a request for waiver of any hearing requirements contained in Title 69, MCA, and Section 2 (a) of MDU’s Gas Cost Tracking

Adjustment Procedure Rate 88. MDU also requests that the Commission grant any additional waivers deemed necessary for acceptance of this filing.

6. MDU's filing contemplates an effective date of June 1, 1985, for the proposed rate decreases.

7. Because of the nature of this MDU gas tracker filing (a net rate decrease), the Commission grants MDU's request for waiver of Rate 88 hearing requirements and finds MDU's application to be a complete filing.

8. The Commission agrees with MDU that minimizing rate changes will result in rate stability, an important goal of this Commission. The Commission, therefore, finds a 12 month amortization of the un-reflected portion of this gas cost adjustment to be proper in this proceeding. In granting rate decreases based on MDU's alternate proposal, the Commission finds a waiver of the provisions of Rate 88 to be proper so that the aforementioned 12 month amortization can be utilized.

9. On page 2 of Exhibit 4 of MDU's filing is a "Computation of Un-reflected Gas Cost Account Balance." Included under the column "Revenue and Miscellaneous Credits" is a cost addition of \$35,932, apparently reflecting MDU's effort to recover an amount of money resulting from an excessive credit previously proposed by MDU in a prior docket.

10. Without the benefit of testimony or cross-examination, the Commission believes that allowing the recovery of this previous "error" on MDU's part could be categorized as retro-active ratemaking, which is strictly forbidden by Montana law, Title 69, MCA. The Commission, therefore, finds the disallowance of the \$35,932 in question to be proper in this proceeding and instructs MDU to file tariffs reflecting this adjustment.

11. Based on the questionable inclusion of improper un-reflected gas costs discussed in Finding of Fact Paragraph No. 10, the Commission finds that in future tracker filings, MDU should provide testimony and workpapers fully explaining the proposed adjustments and calculations presented in Exhibit 4 of this filing.

#### CONCLUSIONS OF LAW

1. Applicant, Montana-Dakota Utilities Company, is a corporation providing natural gas service within the State of Montana, and as such, is a "public Utility" within the meaning of

Section 69-3-101, MCA.

2. The Montana Public Service Commission properly exercises jurisdiction over the Applicant's rates and operations. MCA Sections 69-3-102, and MCA, Title 69, Chapter 3, Part 3.

3. The Commission has provided adequate public notice of all proceedings and opportunity to be heard to all interested parties in this Docket. MCA, Title 2, Chapter 4.

4. The rate level and rate structure approved herein are just, reasonable, and not unjustly discriminatory. MCA, Section 69-3-330.

### ORDER

1. Applicant, Montana-Dakota Utilities Company, shall file permanent rate schedules for natural gas service reflecting the Findings of Fact in this Order.

2. These rates are to become effective for services rendered on and after June 1, 1985.

3. The Commission determines that this is a complete filing and grants the Company's request for a waiver of hearing requirements. Future filings shall comply with Finding of Fact No. 11.

DONE AND DATED this 28th day of May, 1985 by a vote of 5-0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

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CLYDE JARVIS, Chairman

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HOWARD L. ELLIS, Commissioner

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JOHN B. DRISCOLL, Commissioner

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DANNY OBERG, Commissioner

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TOM MONAHAN, Commissioner

ATTEST

Trenna Scoffield  
Commission Secretary

(SEAL)

Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See ARM 38.2.4806.